



STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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CHARLES R. COHEN
Director of Insurance

Circular Letter 2000-8

TO: Medicare+Choice Providers, Health Care Services Organizations, Insurers
Transacting Medicare Supplement Insurance, and Other Interested Parties

FROM: Charles R. Cohen
Director of Insurance

DATE: May 19, 2000

RE: **Renewal of Medicare+Choice Contracts**

On or before July 1, 2000, each health care services organization (HMO) participating in the Medicare+Choice program is required to notify the Health Care Financing Administration (HCFA) at the United States Department of Health and Human Services whether the HMO will participate as a Medicare+Choice provider for the year 2000. An HMO that does not intend to renew its contract with HCFA for some or all service areas is not required to notify current enrollees of the termination until 90 days prior to termination.

In past years, some Medicare+Choice providers have chosen not to renew their contracts with HCFA and to withdraw from various markets. Although Arizona has not been as severely impacted as some states, the withdrawals that have occurred are both disruptive and distressing to enrollees. In some cases, enrollees have been left with no available Medicare+Choice provider, or with only one provider.

It is important that enrollees receive accurate, timely information about their rights. In an effort to minimize disruption to enrollees, the Department is taking the following steps:

1. No later than July 3, 2000, an HMO that currently offers a Medicare+Choice plan shall send the Department written notice as to whether the HMO will offer a Medicare+Choice plan for the year 2001, and whether it is withdrawing from any portion of its current service area. In the notice, the HMO shall specify the service areas from which it is withdrawing, and the service areas where it intends to offer coverage.

2. An HMO that intends to withdraw from any service area within the state shall also advise the Department of the number of affected enrollees (by service area), the HMO's plan to notify current enrollees of the withdrawal, and the timeframe for giving notice. A withdrawing HMO shall provide the Department with a copy of the withdrawal notice the HMO plans to send enrollees at least 30 days prior to mailing the notice to enrollees. The Department strongly encourages withdrawing HMOs to notify affected enrollees at the earliest opportunity, rather than waiting until the last legally authorized date.
3. Each HMO that intends to withdraw from a service area within the state shall disclose that intent to prospective enrollees in that service area. Insurers and HMOs are strongly cautioned that failure to make this disclosure may be deemed an unfair practice or misrepresentation under the insurance laws, including, without limitation, A.R.S. §§ 20-442, 20-443, 20-443.01, 20-444(A), 20-1057(F) and 20-1065(A)(5).

An HMO shall direct any required notices to: Arizona Department of Insurance, Life and Health Division, Re Medicare+Choice, 2910 North 44th Street, Phoenix, Arizona 85018.

Questions regarding this circular letter should be directed to Doug Ullrich, Life and Health Division, at 602-912-8460.